

## SENATE BILL No. 279

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### DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 4-10-18.

**Synopsis:** State rainy day fund reserves. Provides that the amount deposited in the counter-cyclical revenue and economic stabilization fund is calculated on the general fund revenue deposited in the state general fund or the property tax replacement fund. Allows money in the counter-cyclical revenue and economic stabilization fund to be transferred to the property tax replacement fund under certain circumstances.

**Effective:** June 15, 2006; July 1, 2006.

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January 9, 2006, read first time and referred to Committee on Tax and Fiscal Policy.

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Introduced

Second Regular Session 114th General Assembly (2006)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2005 Regular Session of the General Assembly.

## SENATE BILL No. 279

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A BILL FOR AN ACT to amend the Indiana Code concerning state and local administration.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 4-10-18-1 IS AMENDED TO READ AS  
2 FOLLOWS [EFFECTIVE JUNE 15, 2006]: Sec. 1. As used in this  
3 chapter:  
4 "Adjusted personal income" for a particular calendar year means the  
5 adjusted state personal income for that year as determined under  
6 section 3(b) of this chapter.  
7 "Annual growth rate" for a particular calendar year means the  
8 percentage change in adjusted personal income for the particular  
9 calendar year as determined under section 3(c) of this chapter.  
10 "Budget director" refers to the director of the budget agency  
11 established under IC 4-12-1.  
12 "Costs" means the cost of construction, equipment, land, property  
13 rights (including leasehold interests), easements, franchises, leases,  
14 financing charges, interest costs during and for a reasonable period  
15 after construction, architectural, engineering, legal, and other  
16 consulting or advisory services, plans, specifications, surveys, cost  
17 estimates, and other costs or expenses necessary or incident to the

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acquisition, development, construction, financing, and operating of an economic growth initiative.

"Current calendar year" means a calendar year during which a transfer to or from the fund is initially determined under sections 4 and 5 of this chapter.

"Economic growth initiative" means:

(1) the construction, extension, or completion of sewerlines, waterlines, streets, sidewalks, bridges, roads, highways, public ways, and any other infrastructure improvements;

(2) the leasing or purchase of land and any site improvements to land;

(3) the construction, leasing, or purchase of buildings or other structures;

(4) the rehabilitation, renovation, or enlargement of buildings or other structures;

(5) the leasing or purchase of machinery, equipment, or furnishings; or

(6) the training or retraining of employees whose jobs will be created or retained as a result of the initiative.

"Fund" means the counter-cyclical revenue and economic stabilization fund established under this chapter.

"General fund revenue" means all general purpose tax revenue and other unrestricted general purpose revenue of the state, including federal revenue sharing monies, credited to the:

(1) state general fund; or

**(2) property tax replacement fund;**

and from which appropriations may be made. The term "general fund revenue" does not include revenue held in the reserve for tuition support under IC 4-12-1-12.

"Implicit price deflator for the gross national product" means the implicit price deflator for the gross national product, or its closest equivalent, which is available from the United States Bureau of Economic Analysis.

"Political subdivision" has the meaning set forth in IC 36-1-2-13.

"Qualified economic growth initiative" means an economic growth initiative that is:

(1) proposed by or on behalf of a political subdivision to promote economic growth, including the creation or retention of jobs or the infrastructure necessary to create or retain jobs;

(2) supported by a financing plan by or on behalf of the political subdivision in an amount at least equal to the proposed amount of the grant under section 15 of this chapter; and

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(3) estimated to cost not less than twelve million five hundred thousand dollars (\$12,500,000).

"State personal income" means state personal income as that term is defined by the Bureau of Economic Analysis of the United States Department of Commerce or its successor agency.

"Total state general fund revenue" for a particular state fiscal year means the amount of that revenue for the particular state fiscal year as finally determined by the auditor of state.

"Transfer payments" means transfer payments as that term is defined by the Bureau of Economic Analysis of the United States Department of Commerce or its successor agency.

SECTION 2. IC 4-10-18-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 4. (a) If the annual growth rate for the calendar year preceding the current calendar year exceeds two percent (2%), there is appropriated to the fund from the state general fund, for the state fiscal year beginning in the current calendar year, an amount equal to the product of:

(1) the total state general fund revenues for the state fiscal year ending in the current calendar year; multiplied by

(2) the remainder of:

(A) the annual growth rate for the calendar year preceding the current calendar year; minus

(B) two percent (2%).

(b) If the annual growth rate for the calendar year immediately preceding the current calendar year is less than a negative two percent (-2%), there is appropriated from the fund to the state general fund **and the property tax replacement fund**, for the state fiscal year beginning in the current calendar year, an amount equal to the product of:

(1) the total state general fund revenues for the state fiscal year ending in the current calendar year; multiplied by

(2) negative one (-1); and further multiplied by

(3) the remainder of:

(A) the annual growth rate for the calendar year preceding the current calendar year; minus

(B) negative two percent (-2%).

**The amount appropriated to each fund is proportional to the amount needed to balance each fund as described in section 9 of this chapter.**

SECTION 3. IC 4-10-18-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 5. (a) As soon as the auditor of state makes a final determination of the amount of total state general fund revenues for a particular state fiscal year, ~~he~~ **the auditor**

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shall certify that amount to the budget director.

(b) As soon as possible after receiving the certification from the auditor of state under subsection (a), the budget director shall determine the amount, if any, that is appropriated into or out of the fund under section 4 of this chapter. If an appropriation is made into the fund under section 4 of this chapter, the budget director shall immediately certify that amount to the treasurer of state. If an appropriation is made out of the fund under section 4 of this chapter, the budget director shall certify to the treasurer of state an amount equal to the part of the appropriation, if any, by which the general fund general operating budget **and the noncapital budget payable from the property tax replacement fund** for the state fiscal year for which the appropriation is made, exceeds the budget director's estimate of the total general fund revenues for that same state fiscal year. The budget director shall make the certification or certifications of money to be transferred out of the fund at the time or times that ~~he~~ **the budget director** determines the general fund general operating budget **and the noncapital budget payable from the property tax replacement fund** would exceed the total estimated state general fund revenues.

(c) Immediately upon receiving a certification from the budget director under subsection (b), the auditor of state and treasurer of state shall make the appropriate transfer into or out of the fund.

(d) Any amount, which is appropriated out of the fund under section 4 of this chapter, but which has not been transferred out of the fund under this section at the end of the state fiscal year for which the appropriation is made, shall revert to the fund.

SECTION 4. IC 4-10-18-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 9. If the total state general fund revenues for a state fiscal year, in which a transfer into the fund is made, are less than the level estimated in the budget report prepared in accord with IC 4-12-1-12(a) or (c) and the shortfall cannot be attributed to a statutory change in the tax rate, the tax base, the fee schedules, or the revenue sources from which the general fund revenue estimate was made, there is appropriated from the fund to the state general fund an amount that may not exceed the lesser of the following two (2) amounts:

(1) the amount that was transferred into the fund during that state fiscal year; or

(2) the amount necessary to balance the general fund general operating budget **and the noncapital budget payable from the property tax replacement fund** for that state fiscal year.

SECTION 5. [EFFECTIVE JUNE 15, 2006] (a) **IC 4-10-18-1, as**

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1 amended by this act, applies to deposits in the counter-cyclical  
2 revenue and economic stabilization fund made after June 14, 2006.  
3 (b) IC 4-10-18-4, IC 4-10-18-5, and IC 4-10-18-9, all as amended  
4 by this act, apply only to distributions from the counter-cyclical  
5 revenue and economic stabilization fund after June 30, 2006.

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